CAPITAL INVESTMENTS LIMITED
MLC Centre
Level 36, 19 Martin Place
Sydney NSW 2000 AUSTRALIA

General: +61 2 9235 4888
Facsimile: +61 2 9235 4800
Website: www.mffcapital.com.au
ABN: 32 121 977 884

MFF Capital Investments Limited ('MFF')
Net Tangible Assets ('NTA') per share for October 2018

Please find enclosed MFF's monthly NTA per share for October 2018.

Geoffrey Stirton
Company Secretary

Thursday, November 1, 2018

MFF Capital Investments Limited

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Net Tangible Assets ('NTA') per share for October 2018

MFF advises that its approximate monthly NTA per share as at 31 October 2018 was $2.837 pre-tax, ($2.762 pre-tax as at 30 June 2018) and $2.343 after providing for tax[1]. Figures are ex dividend (1.5 cents per share fully franked payable 9 November 2018).

Equity market prices and indices fell in October. MFF's portfolio prices fell, and this was the major reason why the NTA fell in the month (we also paid a tax instalment and accrued expenses [combined, about 2c per share], and MFF traded ex dividend, in the month). We did not consider that the balance of factors in October (or earlier) warranted MFF taking a more significant defensive positioning. Whether up or down, one month and one year equity price movements do not predict even the medium term, and are not relevant measures, except for opportunities or if other factors are lead indicators of worse to come. MFF has balance sheet and portfolio liquidity strengths if attractive opportunities emerge. We prefer not to be exposed fully to the sustained downward movements accompanying severe recessions and market crashes, and we prefer to have liquid assets when seeking to buy when asset prices offer value.

With few exceptions, revenues, earnings per share and free cashflows for our large holdings and focus areas increased at levels above accelerated expectations, and their outlook statements were positive. Competitive positions were maintained or strengthened. Capital management remains excellent for the portfolio companies and internal growth and incremental acquisitions is preferred to big ticket M+A. Buybacks for our companies were maintained or increased from record levels, funded by record free cash flows. A holding effected a meaningful increase in buybacks at lower prevailing share prices. MFF's portfolio should be expected to increase in value if earnings are higher in the medium term regardless of whether markets rise or fall this month or next. Currently we have very few meaningful investments in companies that are advantaged but out of favour, and we attempt to adjust for 'over-earning', as discussed at the AGM last week.

In most months our portfolio changes are small in the absence of serious opportunities, provided that business assessments remain positive and market prices remain within satisfactory ranges. In October we moderated the selling that we had been doing in recent months (below 0.2% of portfolio value in the month). Purchases in the month were about 2.2% of portfolio value, with some but not many, of our below market level orders being reached. We were less inclined to buy in October than we were in the selloffs in February/March, although analysis continues. Earnings growth and business/market movements have meant that more market prices are satisfactory than perceived by some commentators.

Overall business and economic data and indicators were more mixed/less universally strong compared with data and indicators for the past year or so. Equity sentiment measures fell steeply from strongly positive to strongly negative by the end of October, as loss aversion combined with political and other fears. Major ETF, debt, commodity, lending and currency markets did not appear to display evidence of unusual stresses in the month. Arguments either way continued for interest rates and commodity prices (particularly oil; Platts index prices fell about 10% in the month. The US Iran sanctions are due to commence next week). Some said negative equity sentiment was triggered by the rise in interest rates (by month end the US 10 year yield had returned to levels approximating where it was a month before). In August we noted the upcoming index component changes for major tech companies; perhaps the reversal in momentum in October combined higher equity prices/valuations and some business pressures, with the forced selling of technology companies as they were removed from technology ETF/index funds. Markets might become a little more interesting when sentiment, algorithms and index changes contribute to price declines.

We remain invested in large profitable advantaged businesses with high levels of trading liquidity. A number of very decent, narrower niche, cyclical and/or smaller companies recorded very solid double digit declines in share prices during the month. Analysts ascribed catalysts which included upward pressures on input prices and wages, and some slowdowns in housing, auto and similar larger ticket item sales/prospects in China and elsewhere. Analysis is warranted, particularly as the magnitude of the ongoing positive business factors is unusual 10 years into the economic recovery. We did not add any new holdings in the month, and completed the sale of another of our temporary consumer holdings as promoters' interests raised the market price. Business/competitive pressures are not lessening for most consumer companies. We remain positioned away from manufacturing, Europe and many competitively challenged/severely disrupted businesses, although many equity prices fell again. Unaccountability of European regulators and bureaucrats, and political/regulatory risks, remain recurrent messages from businesses attempting to operate there.

MFF
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Holdings as at 31 October 2018 with a market value of 0.5% or more of the portfolio are shown in the table below (shown as a percentage of investment assets including net cash).

Holding	%
Visa	14.9
MasterCard	13.4
Home Depot	10.0
Bank of America	8.4
Alphabet	6.4
JP Morgan Chase	5.9
Lowe's	5.2
HCA Healthcare	4.5
Wells Fargo	4.1
Facebook	3.9
US Bancorp	3.7

Holding	%
CVS Health	3.0
Lloyds Banking Group	2.7
DBS Group	1.6
United Overseas Bank	1.6
S&P Global	1.4
Oversea - Chinese Banking	1.2
Coca Cola	1.3
Kraft Heinz	0.9
AECOM	0.8
Capitaland	0.8
Blackrock	0.5
Colgate-Palmolive	0.5

Currency actions were modest and overall positioning remained consistent with discussions included in recent month NTA releases and at the AGM. Net cash as a percentage of investment assets (plus net cash) was approximately 2.9% as at 31 October 2018. AUD net cash (including short term deposits) was 3.4%, GBP net debt 0.7%, USD net cash 0.4% and other currency borrowing/cash exposures were below 1% of investment assets as at 31 October 2018 (all approximate). Key currency rates for AUD as at 31 October 2018 were 0.7088 (USD), 0.6255 (EUR) and 0.5547 (GBP), compared with rates for the previous month which were 0.7220 (USD), 0.6229 (EUR) and 0.5535 (GBP).

Yours faithfully,

Chris Mackay
Portfolio Manager

Thursday, November 1, 2018

[1] Net tax liabilities are current tax liabilities and deferred tax liabilities, less tax assets.

All figures are unaudited and approximate.